

EXECUTIVE SUMMARY

The South Carolina State Budget and Control Board is unique among state agencies. It encompasses a broad spectrum of central government activities that have undergone various organizational changes over the years in order to remain responsive to the dynamics of state government. The five member body provides for a continuum of executive and legislative oversight when the General Assembly is out of session. The Office of the Executive Director serves as the primary link between the divisions of the Board and the five member body. It assists the five member body in the execution of their intent, representing the Board in matters involving the general public and the legislature, as well as providing general support, including the development of meeting agendas and related meeting follow-up duties. Staff serve as the focal point for the Board's public information efforts, monitors legislation with potential impact on Board operations, and provides leadership in a number of diverse areas such as restructuring, gubernatorial transition, the state budgetary process, health care reform and educational issues.

The Division of Operations is comprised of the Offices of General Services, Information Resources, and Insurance Services. It provides general governmental services to state agencies and local political subdivisions. The principal goals of the division focus on excellence in customer service, leading the state in technology issues and holding the line on the cost of services it provides.

The Division of Budget and Analysis is comprised of the Offices of Budget, Research and Statistics, Human Resources and the Board of Economic Advisors. The goals of the division focus on producing independent financial and budgeting information to the Governor, the General Assembly, and the Budget and Control Board. In addition, it provides leadership to the State in human resource management issues and addresses statistical and economic research and forecasting needs for the Budget and Control Board and the General Assembly.

The South Carolina Retirement Systems provides a comprehensive program of benefits to public employees in South Carolina that includes pension benefits, group life insurance and medical disability benefits. The division has focused on improving its customer services to provide fast, effective delivery of benefits and maintaining sound financial stewardship of the trust funds paid as benefits to members.

The Division of Regional Development consists of the Offices of Local Government, Energy and Regional Development/Advisory Commission on Intergovernmental Affairs. The division is a catalyst for statewide economic development. It does this by facilitating planning programs that study intergovernmental issues at all levels, and by coordinating capital improvements planning and financing for the statewide development and maintenance of water, sewer and public communications infrastructure. In addition, the division's Energy Office focuses on the increased

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Budget & Control Board
OFFICE OF STATE BUDGET

efficiency in the use of all energy resources within the state and strives to maximize environmental quality while minimizing the cost of energy use.

The Office of the State Auditor is not a part of the consolidated divisions of the Budget and Control Board. The State Auditor is accountable directly to the five member Board in order to maintain independence. The Office performs financial audits of state agencies, the State's general purpose financial statements, schedule of federal financial assistance and cost reports filed by institutional providers of Medicaid services. In addition, the office provides technical assistance to other governmental entities in cases where there are allegations of financial mismanagement or criminal wrongdoing.

THE STATE BUDGET AND CONTROL BOARD

The State Budget and Control Board, formerly the Budget Commission, was created by Reorganization Plan No. 2 adopted by the General Assembly in 1950 pursuant to the terms and provisions of Act 621, Acts of 1948. Under that Act, ten State agencies were abolished as separate entities and their functions and duties brought under the supervision of the Budget and Control Board. Five members who serve in an *ex officio* capacity comprise the Board. Regular meetings are scheduled for each calendar year and public notice of and the agenda for those meetings are posted in compliance with Code §30-4-80. During 1997-98, the following were members of the Board.

David M. Beasley, Governor
Richard A. Eckstrom, State Treasurer
Earle E. Morris, Jr., Comptroller General
John Drummond, Chairman, Senate Finance Committee
Henry E. Brown, Jr., Chairman, House Ways and Means Committee

Since its inception, the Board has undergone various organizational changes. Its functions are addressed through the following five divisions: Division of Operations, Division of Budget and Analyses, Division of Regional Development, Office of the State Auditor, and Retirement Systems Division. Initially, the State Auditor served as Secretary to the Board. On September 1, 1978, the Board established the position of Executive Director to serve as the chief administrative officer and subsequently appointed a member of the Executive Director's staff to serve as Secretary to the Board.

During 1997-98, the Board held eight meetings (July 8, September 16, November 4, December 9, February 10, April 14, May 12, and June 18.)

STATE EDUCATION ASSISTANCE AUTHORITY

The members of the State Budget and Control Board, *ex officio*, comprise the State Education Assistance Authority. The Authority was created in 1971, as provided in Sections 59-115-10, and following, of the 1976 Code of Laws, as amended. The Authority is authorized to issue revenue bonds which are repaid from fees, charges, interest, and premiums collected for making, insuring, or guaranteeing loans to students pursuing a post-secondary education at eligible institutions. In financing student loans, the Authority acts through a contractual agent, the South Carolina Student Loan Corporation, a private, nonprofit corporation incorporated in 1973. Bonds of the Education Assistance Authority do not constitute a debt of the State and neither the State's faith and credit nor its taxing power is pledged to bond repayment.

Act 179 of 1993 deleted the reference to the aggregate principal amount of revenue bonds of the Authority which may be outstanding at any time and provided for a parity bond test for the issuance of additional bonds. At the end of 1997-98, the following Authority bonds were outstanding:

Issued	Original Amount	Retired	Outstanding as of 6/30/98
1988	70,855,000	65,205,000	5,650,000
1989	47,220,000	34,120,000	13,100,000
1990	48,400,000	18,265,000	30,135,000
1991	46,990,000	15,240,000	31,750,000
1992	62,280,000	14,335,000	47,945,000
1993	99,495,000	7,320,000	92,175,000
1994	86,845,000	5,910,000	80,935,000
1995	62,055,000	0	62,055,000
1995	<u>49,850,000</u>	<u>0</u>	<u>49,850,000</u>
Total	<u>\$573,990,000</u>	<u>\$160,395,000</u>	<u>\$413,595,000</u>

During 1997-98, the Authority held two meetings (December 9 and May 12).

EDUCATIONAL FACILITIES AUTHORITY

The Educational Facilities Authority for Private, Nonprofit Institutions of Higher Learning, the membership of which is the State Budget and Control Board, *ex officio*, was created in 1969. Its purpose is to assist private nonprofiteducational institutions in the construction and financing of facilities. Bonds of the Educational Facilities Authority do not constitute a debt or liability of the State. No pledge of the State's faith and credit nor its taxing power is involved in these revenue bonds. Bonds of the Authority outstanding at the end of 1997-98 are shown below:

Institution	Issued	Original Amount	Retired	Outstanding as of 6/30/98
Columbia College	1975	\$1,000,000	\$ 820,000	\$ 180,000
Morris College	1983	1,500,000	495,000	1,005,000
Charleston Southern Univ.	1985	500,000	500,000	0
Coker College	1988	4,300,000	4,089,628	210,372
Anderson College	1990	3,565,000	1,090,000	2,475,000
Morris College	1992	1,350,000	1,350,000	0
Presbyterian College	1993	5,850,000	985,000	4,865,000
Wofford College	1994	4,859,000	2,764,435	2,094,565
Benedict College	1995	18,280,000	570,000	17,710,000
Converse College	1996	4,400,000	800,000	3,600,000
Furman University	1996	24,000,000	1,000,000	23,000,000

Furman University	1996	12,000,000	0	12,000,000
Clafin University	1997	5,780,000	0	5,780,000
Morris College	1997	6,700,000	0	6,700,000
Coker College 1998A	2,500,000	53,981	2,446,019	
Coker College 1998B	1,600,000	0	1,600,000	
Presbyterian College	1998	<u>11,630,000</u>	<u>0</u>	<u>11,630,000</u>
Total		<u>\$109,814,000</u>	<u>\$14,518,044</u>	<u>\$95,295,956</u>

During 1997-98, the Authority held five meetings (July 8, November 4, February 10, May 12, and June 18).

SOUTH CAROLINA RESOURCES AUTHORITY

The South Carolina Resources Authority was created in Act 682 of 1988. The General Assembly found "...a definite need for additional sources from which to finance the present and future needs of the people of South Carolina for the undertakings authorized by this act...." (which are water supply and wastewater projects or "other projects committed to the Authority by subsequently enactment of the General Assembly"). The Authority was declared by the General Assembly to be a body politic and corporate and a public instrumentality of the State. Authority membership consists of members of the State Budget and Control Board, sitting *ex officio*. The General Assembly, in Act 525 of 1994, repealed Title 11, Chapter 37 of the South Carolina Code of Laws (Act 682 of 1988), when all bonds issued by the South Carolina Resources Authority are retired. Act 525 of 1994 establishes the South Carolina Infrastructure Facilities Authority.

At the end of 1997-98, the following Authority bonds were outstanding:

Issued	Original Amount	Retired	Outstanding as of 6/30/98
1989	\$16,810,000	\$2,500,000	\$14,310,000
1990	25,980,000	3,040,000	22,940,000
1992	<u>7,940,000</u>	<u>1,270,000</u>	<u>6,670,000</u>
Total	<u>\$50,730,000</u>	<u>\$6,810,000</u>	<u>\$43,920,000</u>

The Resources Authority held two meetings in 1997-98 (November 4 and December 9).

STATE WATER QUALITY REVOLVING FUND AUTHORITY

Act 513 of 1992 repealed Chapter 6 of Title 48 which provided the authority under which the Budget and Control Board, Office of Local Government, had developed and administered the financial functions of the State Water Pollution Control Revolving Fund since 1987 and established the State Water Quality Revolving Fund Authority to administer the revolving fund and the loans made from the fund and to provide additional financing in the future to local governmental units for the purpose of providing projects.

The Authority adopted policies and procedures established previously for Fund administration. It also authorized the Office of Local Government to continue to manage the Fund, make loans, enter into loan agreements, and take such further actions permitted by the Act on behalf of the Authority for funding and proper administration of the Fund. In addition, the Authority authorized the Director of the Office of Local Government, for the purposes of administering the fund, to sign agreements and other instruments on behalf of the Authority. Details on the State Water Pollution Control Revolving Fund are provided in the Office of Local Government section of this report. The Authority met once during the fiscal year on September 16.

INFRASTRUCTURE FACILITIES AUTHORITY

The South Carolina Infrastructure Facilities Authority Act, Chapter 40 of Title II, created the South Carolina Infrastructure Facilities Authority, composed of the members of the State Budget and Control Board, and the South Carolina Infrastructure Revolving Loan Fund to provide low-interest loans for the construction of publicly owned water and sewer facilities that address environmental, growth and economic development needs throughout the State, with a particular focus on those communities where access to private financing may not be readily available or affordable. Staff and assistance to the Authority in its functions is provided by the Office of Local Government. The Authority adopted the South Carolina Infrastructure Facilities Authority program design and major policies for the South Carolina Infrastructure Revolving Loan Fund and authorized the Office of Local Government to perform certain functions on behalf of the authority, including administering the Fund in accordance with the Program Design and Major Policies adopted by the Authority, making loans from the Fund, entering into loan agreements, disbursing funds, collecting repayments, and taking such other actions on behalf of the Authority as is permitted by the Act in order to ensure proper administration of the Fund.

Details on the State Water Pollution Control Revolving Fund are provided in the Office of Local Government section of this report. The Authority met once during the fiscal year on September 16.

Civil Contingent Fund

The Board is responsible for making disbursements from the Civil Contingent Fund which is provided through an annual appropriation by the General Assembly. The 1997-98 appropriation for the fund was \$280,602.

Revenue Bond Petitions

During 1997-98, the Board approved 36 local government petitions involving not to exceed \$3,612,100,000, including refundings, of industrial development, solid waste disposal facilities, fee-in-lieu-of-taxes, public project conduit note, and special source revenue bonds. The Board also approved eight local government petitions involving not more than \$266,600,000 of hospital revenue bonds, including refundings, and three State Housing Finance and Development Authority petitions involving not more than \$39,470,000, including refundings.

Fees collected for the processing of these bond issue proposals totaled \$152,000 in 1997-98. In accordance with Code Section 1-11-135, these collections were deposited in the general fund.

The Board also approved 48 Jobs-Economic Development Authority petitions involving \$474,785,000 of economic development and industrial development revenue bonds, including refundings.

Private Activity Bond Ceiling Allocations

Under the Tax Reform Act of 1986, the calendar year 1997 State Ceiling on the issuance of private activity bonds for South Carolina was \$184,950,000, based on \$50 per capita. The amount allowed for the calendar year was certified for issue. Of the \$184,950,000 allowed for calendar year 1997, \$184,949,297.96 was certified for issue and the \$702.04 balance was carried forward for student loans.

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